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OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 8 1961

NOTE:

1. This summary of significant reports has been prepared for the internal use of the Office of Current Intelligence. It does not necessarily represent a complete coverage of all current traffic in CIA or in the Office of Current Intelligence.
2. Comment represents the preliminary views of the responsible analysts and not necessarily the final view of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

NAVY AND DIA HAVE NO OBJECTION TO
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NAVY, DIA and DOS review(s) completed.

SECTION 1 (SOVIET)

B

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B

Supreme Soviet Convenes: 1951 Budget Primary Concern: Five-Year Plan Not on Agenda. Embassy Moscow notes that the Fifth Five Year Plan is not scheduled for discussion at the current session of the Supreme Soviet, but that the annual budget for 1951 is on the agenda. [REDACTED]

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[REDACTED] Moscow TASS announced the "unanimous adoption" of an agenda to be discussed at the night session, 7 March, containing the following four points: (1) Confirmation of the State Budget for 1951; (2) Confirmation of the law on the preservation of peace; (3) The Election of the Supreme Court of the USSR; (4) Confirmation of the Decrees of the Presidium of the USSR Supreme Soviet. [REDACTED] COMMENT:

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H. E. Salisbury, NY Times correspondent predicted that the budget would show a substantially lower sum both percentage-wise and in absolute figures than the amounts devoted to defense in the US. Salisbury expects the presentation of the Five Year Plan some time during the coming months.

[REDACTED] The item of second importance on the agenda is the law for the preservation of peace undoubtedly similar to those passed as a result of a WPC resolution, and now in effect in the Eastern European Satellites, the CPR, the Mongolian Peoples' Republic and the GDR which alone provides the death penalty as punishment. In the USSR the law may well result in a more severe campaign against VOA listeners.

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"B" USSR. Soviet Remarks on UN Membership. In the course of a conversation with a US delegate to the UN, Soviet Delegate Malik, when queried about Stalin's interview implying Soviet intention to withdraw from the UN, answered that "what the General Assembly majority had done at this session was making the UN a different kind of organization than had been agreed upon at San Francisco." In answer to the same question, Assistant Secretary General Zinchenko, a Soviet national, replied without hesitation that Stalin meant no such thing, but that a great deal had happened since Stalin earlier had referred to the UN as a useful "instrument of peace."

25X1 [redacted] In a report of a public lecture in Moscow 27 Feb, propagandist Oleschuk is quoted as saying that "if the United Nations did not respond to the representations of the delegation of the World Council of Peace, the Soviet Union would have no alternative but to leave the United Nations." [redacted] COMMENT: The Moscow statement, if quoted correctly and followed by similar specific references to Soviet withdrawal from the UN, would represent a further development in the Soviet campaign to intimidate and discredit the UN and to prepare for possible Soviet withdrawal. It is considered that Soviet propaganda, supported by a warning from Stalin himself, will soon have adequately prepared the Soviet people for withdrawal from the UN.

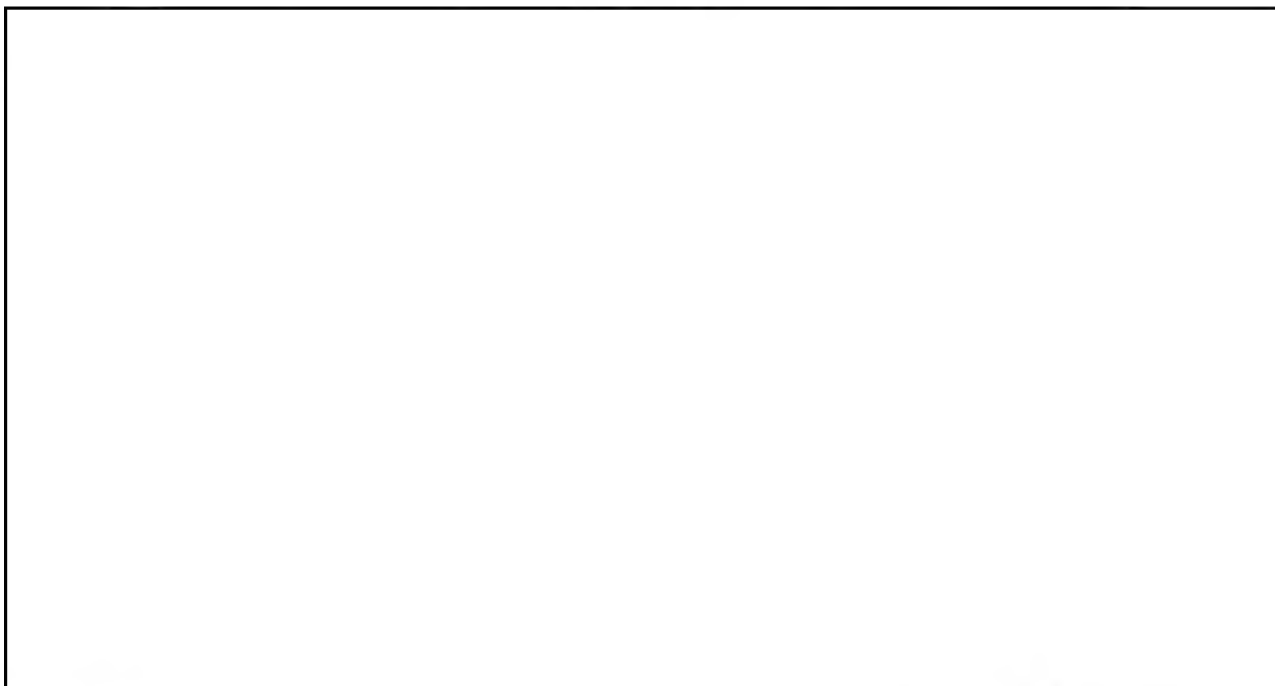
25X1 "C" EASTERN EUROPE. CZECHOSLOVAKIA. Socialization of Agriculture To Be Stepped Up. According to an address delivered before the Central Committee of the Czechoslovak Communist Party by Secretary General Rudolph Slansky, increased emphasis will be placed by the Party on the formation of agricultural cooperatives and the elimination of the kulak class during the coming year. The main task of the Party would be to lay the political groundwork for the cooperative movement. Slansky pointed out the danger of forcing farmers to join cooperatives and the necessity of using persuasion. The Party also must purge itself of deviationists in order to intensify the class struggle against the kulaks or village rich. Long protected by Sling and Svermova, Slansky claimed, the kulaks must now be eliminated from the village by confiscation of their agricultural machinery, by increasing their delivery quotas, and by expulsion from the cooperatives which they have infiltrated. Other improvements to be inaugurated in the cooperative movement are as follows: (1) the introduction of a wage system based on the "labor unit", essentially a piece-work system; (2) simplification of the accounting system; and (3) the introduction of two working shifts in the Machine Tractor Stations and the indoctrination of the workers to become "apostles of Socialism" within the villages. [redacted] COMMENT: The socialization of agriculture achieves two important results: (1) the freeing of additional manpower for industry and mining, and (2) the elimination of an anti-regime stronghold among the wealthy landowners and the middle-class peasants. The emphasis on persuasion rather than force indicates that the Party recognizes the strong opposition to the movement on the part of the Czechoslovak farmer and wishes to avoid the disastrous consequences which beset the Soviet Union as a result of forced collectivization.

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POLAND. Development of Air Defense Command to be Hastened. The revelation in the Government controlled press on 27 February that Colonel General Ivan Lukich Turkiel, a high ranking Soviet Air Force Officer, is now Commander-in-Chief of the Polish Air Force, was reported in O/CI Daily Summary [REDACTED]

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COMMENT: The appointment of Turkiel will hasten the development of an Air Defense Command in Poland similar to the PVO in the USSR. Previous information has indicated that the Polish Air Force is in the process of reorganization and expansion, apparently at a more rapid rate than any other Satellite Air Force. Last fall a number of Soviet General and field grade officers were assigned to the Polish Air Force. In February 1951 new Soviet jet airplanes appeared at Warsaw/Bornerowo airfield which is occupied by a Polish fighter interceptor unit. No other Satellite Air Force is known to have received Soviet jet airplanes. Finally, new AAA regiments are being formed in Poland.

"CH"

Italians Threatened with Cut in Coal Deliveries. The Polish Government has approached the Italian Government and requested an additional 5,000 tons of high grade zinc ore in return for which Poland will increase the coal quota to Italy by 80,000 tons. The Italians turned the proposition down temporarily and the Poles countered by intimating it might be difficult to maintain the present rate of coal deliveries to Italy. Under the Italian-Polish Trade Agreement of 15 June 1949 the Polish coal quota for Italy was set at one million tons annually. In the first eleven months of 1950, 904,000 tons were delivered. The US Embassy Rome points out that this case is typical of many more that will occur in the future. While zinc is not an International List One item, it is in global short supply, and Italy

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would prefer not to ship it to Eastern Europe. However, in view of the increasing difficulty of obtaining adequate coal supplies, a firm refusal by the Italians to furnish the additional zinc ore may ultimately become untenable. [REDACTED] COMMENT: Poland has used similar tactics already against Austria and Sweden, and can be expected to do so in the future.

"A" YUGOSLAVIA. Tito Takes Over Foreign Ministry. The Yugoslav Government announced on 5 March that Marshal Tito will personally assume the post of Foreign Minister temporarily because of the illness of Foreign Minister Kardelj. [REDACTED] COMMENT: No explanation of Kardelj's illness was made but a UP despatch states that it was reported to be a spinal ailment. Kardelj, generally regarded as Number 2 man in Yugoslavia, has held the post of Foreign Minister since August 1948. On February 27 Kardelj delivered a long address before the Yugoslav National Assembly on foreign policy, and as late as 6 March he was still acting as Foreign Minister (announcement was made 5 March). On the evening of 6 March US Ambassador Allen had an audience with him regarding a new Yugoslav request for economic assistance. It appears likely that Kardelj is temporarily relinquishing his post probably to undergo an operation. In view of Tito's personal popularity, however, it is possible that he is taking over the Foreign office in order to obtain greater support within the Party for Yugoslavia's foreign policy as well as to bolster general Yugoslav morale at a critical time.

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"C" TRIESTE. Deal Between Italy and Yugoslavia Reported. A Yugoslav official in Zone B of Trieste has passed along a report, which he himself does not believe, that at the forthcoming London meeting of Italian, British and Yugoslav officials, the Yugoslavs will agree to (1) a formal economic and military pact of mutual assistance with Italy, and (2) the incorporation of Zone B as far south as the Dragogna river into Zone A and the incorporation of the rest of the Zone at a later date. Moreover, six separate [REDACTED] reports which have been received in Trieste suggest that such a development is either under consideration or already accepted by Yugoslav authorities. USPOLAD Unger states that the coincidence of so many reports of the same nature suggests the possibility that a settlement may be under way. He further points out that the recent unofficial Italian proposal for the absorption of coastal towns in Zone B by Zone A may have been intended to prepare the ground. He cites as possible reasons for the agreement Yugoslav and Italian apprehensions over a three-power deal with the USSR in regard to Trieste at the expense of one or the other; Italian fears of growing independentist sentiment in Trieste and both parties' desire to maintain Allied troops in the area. On the other side, Unger notes the recent Sforza and Tito statements that the present is not a time for settlement, the apparent desire of both Governments to avoid debate on the issue, the apparent Yugoslav Govt stand in Trieste in favor of independence, and the recent report of Kardelj's idea of a condominium.

[REDACTED] COMMENT: The weight

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of recent Yugoslav utterances and Yugoslav interests is against the Trieste proposal which would furnish the Cominform a gratuitous example of Tito's surrender to the West. In regard to a treaty Tito has recently said that Yugoslavia has no need of formal pacts with the West at this time. While Italy is clearly anxious for the return of all of the Free Territory to Italian jurisdiction, the Italian Government would be reluctant to participate in a military assistance pact with Yugoslavia. Italian officials have said that the security of Yugoslavia should be a UN responsibility.

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SECTION 2 (EASTERN)

25X1 "B" TRAN. Premier Razmara Slain. Iranian Premier Razmara was assassinated Wednesday morning by a member of a fanatical Moslem sect. The Shah has requested old guard politician Khalil Fahimi, who was recently appointed minister without portfolio, to carry on for the time being. The press also reports that the pro-Soviet Tudeh Party was not involved in the assassination. [REDACTED] COMMENT: Razmara's death will have a bad psychological effect on Iran. Despite his lack of success in effecting the economic and governmental reforms of which Iran stands in such need, he was the only man considered strong enough to do so. Although he had roused much opposition, he was respected for his strength. His successor, whether he be Fahimi, who is more respected for the number of times he has held office than for his great ability or strength of character, or by a similar member of the old guard, will undoubtedly be less able to cope with Iran's current internal tensions and problems. Iran's vulnerability to Soviet pressure will probably increase and it will be more difficult to maintain a state friendly to the West.

"A" INDIA. Speech of Chinese Delegate to All-India Medical Students' Conference. According to the Peiping radio, a delegate from the All-China Students' Association arrived in Madras, India, on 3 February to attend the All-India Medical Students' Conference. In a speech to the Conference, the Chinese delegate described New China's education programs and student life. He also explained the significance of his government's campaign in opposition to the US in Korea, and he expressed the hope that the unity of Indian and Chinese students would be strengthened to consolidate the friendship between India and China and to unite them in the common aim of world peace. The Indian students responded to this speech with enthusiastic applause, shouting slogans such as "Long live Mao Tse-tung" and "Long live the People's Republic of China". [REDACTED] COMMENT: The Chinese delegate was apparently not briefed on medical subjects. In the future, the US will probably have to combat the influence of an increasingly large number of speeches from similar, politically-minded Chinese visitors to India.

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"A" Government's Ban on an "All-India Peace Conference". An "All-India Peace Conference", scheduled to meet in Delhi next April, has been banned by the Indian Government. Home Minister Rajagopalachari has stated that there is no objection to the peace meeting as such, but that it may not be held in Delhi in view of the ban on unauthorized public meetings there. He further stated that it is not now in the public interest to hold international meetings in India and that a peace congress, regardless of where it was held, might be limited to Indian participants. [REDACTED]

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25X1 COMMENT: The Home Minister's statement is obviously directed at Communist-inspired international conferences. His suggestion that he is prepared to refuse visas to foreign delegates is additional evidence of the strong line being taken by him against local Communists. [REDACTED]

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"A" BURMA. Socialist Conference in April. Aung Than, a prominent Burmese Socialist, claims that the Socialist leaders of India, Burma and Indonesia desire to evolve a common program which would be anti-Communist in orientation, and that they will probably have a conference in Rangoon in April. He further stated that the greatest difficulty in developing such a program was to shake the Indians from blind neutrality. [REDACTED]

25X1 [REDACTED] COMMENT: Although the participants in any such conference will be ideologically anti-Communist, none will oppose the concept of neutrality between the Soviet bloc and the Western democracies. However, any effort to define neutrality or to specify the extent to which the Socialists shall subscribe to this concept is likely to founder in lively, but inconclusive debate.

"C" INDONESIA. Government spokesman expresses sympathy for Moroccan Independence. A influential official of the Ministry of Foreign Affairs told the press, 5 March, that Indonesia welcomes plans to put the Moroccan issue before the UN. Before taking a definite stand, however, the Government is awaiting complete reports from its Ambassador in Egypt. [REDACTED]

25X1 [REDACTED] COMMENT: Moslem interest in the Moroccan issue is even more widespread than was reported previously

25X1 "C" Communist-led federation renews attack on Government strike ban. The Central Executive of Communist-led SOBSI (largest labor federation in Indonesia) issued a press statement 5 March urging the Government to withdraw its strike ban so that labor may have a chance in its fight against the attacks of foreign capital. The statement denied that labor strikes cause mounting prices or imperil the Government's position and charged that the Government allows foreign capital to exhaust the people's resources. SOBSI claimed that the ban violates both the Republican constitution and the Round Table Conference. Its statement proceeds to set forth an entire labor program which calls for augmented production of consumer goods, opposition to the current conversion of Indonesia into a "war production storehouse," guarantee of fair wages, extension of cheap credit, improved irrigation, and land for the farmers. [REDACTED]

25X1 [REDACTED] COMMENT: Since the proclamation of the Government's strike ban, SOBSI has ordered a cessation of most strikes but has maintained a public policy of reluctant cooperation to the accompaniment of critical blasts against the Government. Its cleverly stated press release serves not only to defend its cause but to prepare the way for a renewal of activity.

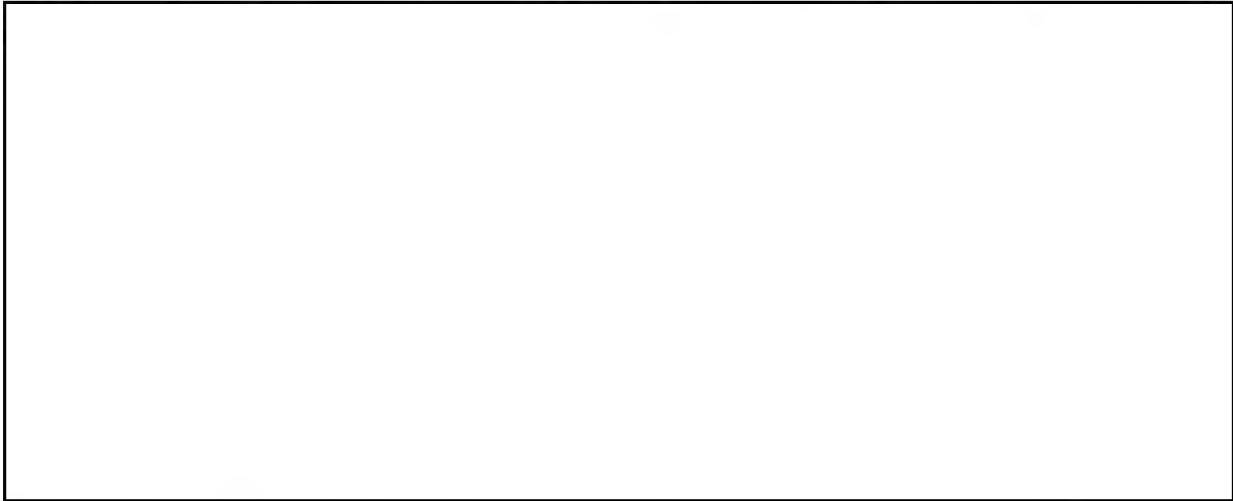
"C" PHILIPPINES. Opposition to Reform Legislation Continues. Congressional opposition continues to delay enactment of tax and minimum wage legislation despite President Quirino's public warning that the US insists upon these measures as prerequisite to ECA aid. An internal political struggle in the Senate, which has contributed heavily to the delay, is now being prolonged into the ninth week. The press agrees that Congress

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25X1 must act but indicates Washington authorities should be more sympathetic.
[REDACTED] COMMENT: Philippine Congressional resistance is based upon the desire of powerful vested interests among legislators to avoid the adverse effects of higher and more equitable taxes on their personal incomes and to prevent higher labor costs on their plantations.

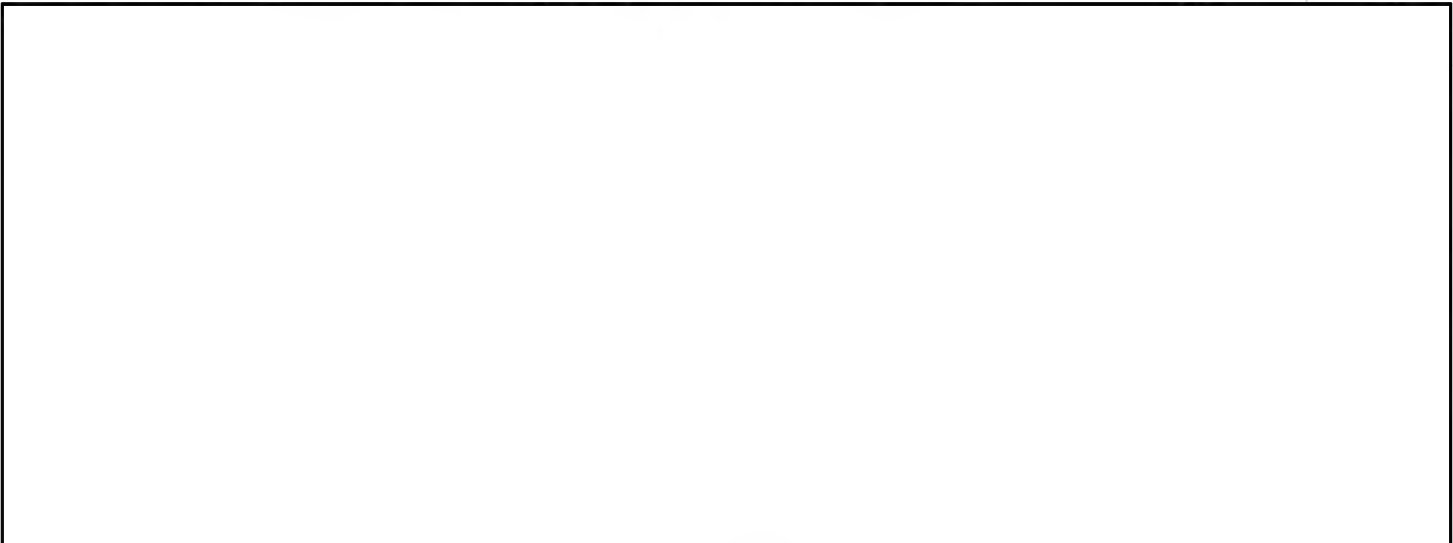
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"A" CHINA. New assignment for NIEH Jung-chen? Peiping radio has announced that P'ENG Chen, Secretary of the Peiping Committee of the CCP, has been elected Mayor of Peiping. [REDACTED] COMMENT: Significance of above lies in fact that Mayor of Peiping, until 1 March, was NIEH Jung-chen. NIEH, commander of the North China Military Area Special Army Group (sometimes called the "Fifth Field Army"), was recently reported [REDACTED] to have received orders to Korea with his entire command. A Peiping broadcast monitored by UP reportedly stated that NIEH resigned as Mayor due to "pressure of other duties."

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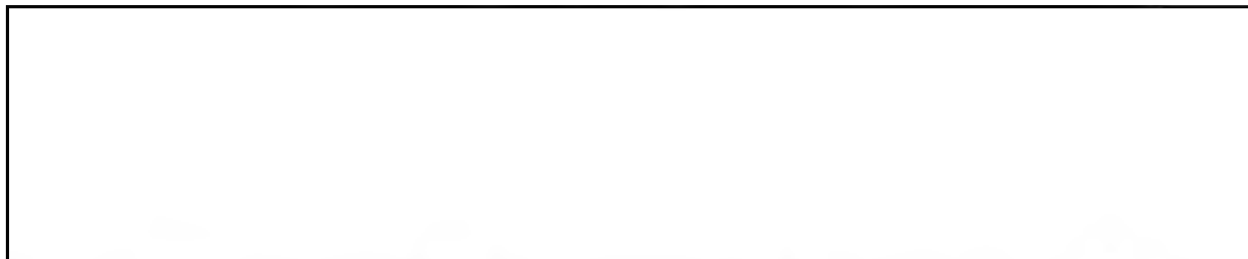
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"C" KOREA. Communist Propaganda Accounts for Refugees from Hamhung. Radio Peiping stated on 1 March that before pulling out from Hamhung, the US Army herded 120 thousand civilians to the sea coast where they died of cold. Survivors were machine-gunned or crushed by tanks. [REDACTED]

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[REDACTED] COMMENT: This grisly statement appears to be the ingenious propaganda explanation for the disappearance of thousands of North Korean refugees who were water-lifted to safety in South Korea from Hamhung by the UN Forces.

"C" Assembly Plurality Party is Pro-Rhee. Ambassador Muccio reports that the results of the recent registration of party affiliation in the National Assembly indicate the pro-Rhee New Political Comrades Association holds a plurality of 70 out of 175 seats in the Assembly. The Ambassador interprets the fact that recent Assembly criticism has been directed only at the Cabinet's ineffectiveness, and not at President Rhee, as evidence that the New Political Comrades have been Rhee-inspired to counterbalance Premier Chang's popularity and prestige. [REDACTED]

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[REDACTED] COMMENT: Rhee could easily be guilty of the type of back stage maneuvering which Muccio credits to him even though Premier Chang is Rhee's own appointee. The President always has viewed the achieving of additional political stature by any potential rival with keen disfavor.

"C" Planting of Winter Crops Nearly Average. An ECA report indicates that planting of winter barley and wheat are not substantially below average and crop conditions are about normal for this time of year. Current ROK agricultural output, however, is handicapped severely by: (a) the shortage of draft animals caused by war losses; (b) fertilizer shortage; (c) neglect of crops in battle and guerrilla-infested areas; and (d) direct war damage to crops in fields and in storage. Despite these conditions ROK farmers appear anxious to produce maximum possible in 1951. [REDACTED]

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"C" JAPAN. Korean Demonstration in Tokyo Forestalled by Police. On the basis of a report that about 32,000 Koreans, including students, were assembling at a Tokyo Korean high school, to stage an anti-Japanese demonstration, approximately 1000 Japanese police were rushed to the scene to prevent a possible disturbance. [REDACTED] COMMENT: It is possible that the Japanese Communists could have been planning this demonstration as the opening gun in their "March Offensive". The Korean minority is a favorite tool of the Communist Party in Japan.

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